

**NOTICE OF PROBABLE VIOLATION
PROPOSED CIVIL PENALTY
and
PROPOSED COMPLIANCE ORDER**

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

November 21, 2013

Mr. Ryan Coffey
Executive Vice President, Operations
Florida Gas Transmission Company, LLC
800 Sonterra Blvd., #400
San Antonio, TX 78258

CPF 4-2013-1019

Dear Mr. Coffey:

On February 13 - 14, 2012, a representative of the Pipeline and Hazardous Materials Safety Administration (PHMSA), Office of Pipeline Safety (OPS), pursuant to Chapter 601 of 49 United States Code conducted an incident investigation for the rupture that occurred on the Florida Gas Transmission (FGT) 30" LAMEB-8 natural gas pipeline in East Baton Rouge, Louisiana.

As a result of the inspection, it appears that you have committed probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations. The items inspected and the probable violation(s) are:

1. § 191.5 Immediate notice of certain incidents.

(a) At the earliest practicable moment following discovery, each operator shall give notice in accordance with paragraph (b) of this section of each incident as defined in 191.3.

Florida Gas failed to make notice to the National Response Center (NRC) at the earliest practical moment following discovery of their February 13, 2012, rupture in East Baton Rouge, Louisiana.

Alarms were received in the control room at 2:26 am, and FGT indicated on their PHMSA Form 7100.2, Part A, 19a, that the local time operator identified the incident was 2:30 am. The operator did not make a call to the NRC until 5:14 am on February 13, 2012, which is 2 hours and 48 minutes after the rupture occurred at 2:26 am.

2. § 192.463 External corrosion control: Cathodic protection

(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one of more of these criteria.

FGT did not have adequate cathodic protection on the LAMEB-8 30" pipeline in the area downstream of the Zachary Compressor Station (Station 8). On February 13, 2012, at 2:26 am, Florida Gas Transmission experienced a rupture caused by external corrosion of their pipeline in East Baton Rouge, LA.

FGT close interval survey (CIS) results for the section of pipeline downstream of the Zachary Compressor station indicated inadequate levels of cathodic protection. In addition, FGT's quarterly reports submitted in response to a Safety Order issued as a result of this incident (4-2012-1001S) also concluded "Analysis of the integrity sheets identified areas of deficient CP."

From the close interval survey data (labeled Station 8 to Amite River), the CIS downstream of the Deerford Tap test station (168+52) indicated cathodic protection levels below -850 mV and upstream and downstream of the Big Mac Rectifier test station (370+87) a large area of potentials below -600 mV.

3. § 192.469 External corrosion control: Test Stations

Each pipeline under cathodic protection required by this subpart must have sufficient test stations or other contact points for electrical measurement to determine the adequacy of cathodic protection.

Florida Gas did not have sufficient test stations to measure the adequacy of cathodic protection on the LAMEB-8 30" pipeline. FGT cathodic protection annual survey results for both 2010 and 2011 indicate adequate levels of cathodic protection recorded as the designated test stations; however, the close interval survey results for that same area identified cathodic protection levels below the -850 mV criteria selected. The lack of test stations prevented FGT from identifying areas of low potential during their annual cathodic protection monitoring.

Proposed Civil Penalty

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$200,000 per violation per day the violation persists up to a maximum of \$2,000,000 for a related series of violations. For violations occurring prior to January 4, 2012, the maximum penalty may not exceed \$100,000 per violation per day, with a maximum penalty not to exceed \$1,000,000 for a related series of violations. The Compliance Officer has reviewed the circumstances and supporting documentation involved in the above probable violation(s) and has recommended that you be preliminarily assessed a civil penalty of \$197,200 as follows:

<u>Item number</u>	<u>PENALTY</u>
Item 2	\$158,400
Item 3	\$ 38,800

Warning Items

With respect to Item 1, we have reviewed the circumstances and supporting documents involved in this case and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to promptly correct these item(s). Failure to do so may result in additional enforcement action.

Proposed Compliance Order

With respect to Item 3 pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration proposes to issue a Compliance Order to Florida Gas Transmission. Please refer to the *Proposed Compliance Order*, which is enclosed and made a part of this Notice.

Response to this Notice

Enclosed as part of this Notice is a document entitled *Response Options for Pipeline Operators in Compliance Proceedings*. Please refer to this document and note the response options. All material you submit in response to this enforcement action may be made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted

and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b). If you do not respond within 30 days of receipt of this Notice, this constitutes a waiver of your right to contest the allegations in this Notice and authorizes the Associate Administrator for Pipeline Safety to find facts as alleged in this Notice without further notice to you and to issue a Final Order.

In your correspondence on this matter, please refer to **CPF 4-2013-1019** and for each document you submit, please provide a copy in electronic format whenever possible.

Sincerely,

R. M. Seeley
Director, Southwest Region
Pipeline and Hazardous Materials Safety Administration

Enclosures: *Proposed Compliance Order*
Response Options for Pipeline Operators in Compliance Proceedings

PROPOSED COMPLIANCE ORDER

Pursuant to 49 United States Code § 60118, the Pipeline and Hazardous Materials Safety Administration (PHMSA) proposes to issue to Florida Gas Transmission Company, LLC a Compliance Order incorporating the following remedial requirements to ensure the compliance of Florida Gas Transmission Company, LLC with the pipeline safety regulations:

1. In regard to Item Number 3 of the Notice pertaining to cathodic protection test stations, FGT shall review the existing test stations on the LAMEB-8 30" pipeline and install additional test stations to adequately determine the effectiveness of cathodic protection on the pipeline.
2. FGT shall conduct the review of the existing test stations and install new stations within 6 months of this Order.
3. It is requested (not mandated) that FGT maintain documentation of the safety improvement costs associated with fulfilling this Compliance Order and submit the total to R.M. Seeley, Director, Southwest Region, Pipeline and Hazardous Materials Safety Administration. It is requested that these costs be reported in two categories: 1) total cost associated with preparation/revision of plans, procedures, studies and analyses, and 2) total cost associated with replacements, additions and other changes to pipeline infrastructure.